



INTERNATIONAL SECURITIES EXCHANGE

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FOR IMMEDIATE RELEASE

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INTERNATIONAL SECURITIES EXCHANGE BEGINS TRADING IN DECIMALS

Options on Gateway Inc. to Lead Conversion

NEW YORK, August 23, 2000 – The International Securities Exchange (ISE) announced today that on August 28, options on Gateway Inc. would begin trading in decimals. This begins ISE's, and the equity industry's, transition from fraction to decimal pricing, a process that is projected to be complete by the second quarter of 2001.

Minimum price variations will be set at five cents for options quoted under \$3 a contract, and ten cents for options quoted at \$3 a contract and greater.

In anticipation of the industry's conversion to decimals, ISE originally designed and began constructing its trading system based on decimal pricing rather than fractions. The ISE system has, since trading began on May 26, automatically converted its quotes and transactions into the long-standing fraction convention of the industry.

ISE is an active member of the securities industry decimalization project and has successfully participated in the industry-wide testing phase, which included member firms, vendors and The Options Clearing Corporation (OCC). The phased implementation calls for limited exchange listings in decimals on August 28, with full industry conversion expected by April 2001.

The ISE listed three issues at its launch on May 26 as a first step in its rollout to trade the top 600 equity options. Currently, ISE trades eighty-two issues and is continuing to increase the roster in its rollout toward the full contingent of 600 listings. The updated list of issues traded is available on ISE's web site (www.iseoptions.com) within the section entitled "Product Information."

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ISE Trades in Decimals – 2

On August 8, ISE traded its one-millionth contract, just ten weeks following its debut as the first fully electronic options market in the U.S. and the first exchange in the world to combine electronic trading with auction market principles. ISE has continued to attract order flow, achieving a record volume of 60,016 contracts on August 18. Updated summary statistics pertaining to ISE's listed equity options can be found on its web site in the "Market Statistics" area within the "Stock Options/Market Data" section.

Gary Katz, ISE's senior vice president of marketing & business development, observed, "The conversion to decimal pricing will further support the benefits of our unique market structure and trading system. Our market makers will be able to more precisely price their quotes, which will fuel additional growth as our market becomes even more efficient."

As of today, six of ten Primary Market Makers (PMM) and twenty-five of 100 Competitive Market Makers (CMM) have been activated; the remaining market makers will become operational during ISE's continuing rollout phase. Additionally, sixty-seven broker/dealers have been approved as Electronic Access Members (EAM), with more than a dozen in the process of attaining EAM status.

ISE Background

ISE is the first nationally registered securities exchange in twenty-seven years, the first fully electronic options exchange in the United States, and the world's first options marketplace combining electronic trading and auction market principles. Trading in this innovative market began on May 26, 2000.

ISE has announced its intention to list the top 600 equity options classes representing over 90% of the option industry's average daily trading volume. ISE's rollout schedule involves starting trading with a small number of options classes and growing over time to the full list of 600.

ISE headquarters is located at 60 Broad Street, New York, NY 10004 and can be reached at (212) 943-2400 or, for additional information, visit its web site at www.iseoptions.com.

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